

Baltimore area industrial market keeps picking up steam

October 26, 2016



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Daily Record
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The industrial market in the Baltimore metro area continued its recent strong performance through the third quarter of this year, and it doesn't appear poised to slow down.

MacKenzie Commercial Real Estate Services LLC's third-quarter overview, by Sage Policy Group economist Anirban Basu, found the metro warehouse market net absorbed 133,000 square feet in the quarter. Total available flex space declined by 600,000 square feet.

After a slowdown in industrial activity in Q1 2016, the Baltimore Metro market has picked up steam in Q3 as several large build-to-suits were announced making a statement about the national economy, not to mention changing consumer dynamics as last mile e-commerce deals continue to impact the market," Dan Hudak, senior vice president and principal at MacKenzie, said in the report.

The average rental rate for flex space increased from last year, reaching \$11.59, according to the report, and the average rental rate for warehouse is up \$5.16. The vacancy rate for flex properties fell to 8.92 percent. The warehouse vacancy rate bumped up to 7.75 percent, which the report attributed to new product delivered in the metro area.

In the report Basu warns of a possible economic slowdown in the coming year — a possibility he has previously warned about.

But those worries were not as pronounced among other industry experts.

James V. Caronna, principal at NAI KLNB, said the market feels a little "schizophrenic." He said there's been strong sales activity with a robust demand for yield. While the leasing market is a little bit more even between tenants and landlords, there were still "pockets of sluggishness" in the metro area, he added.

Overall, Caronna said, there's been solid performance, and he doesn't see signs of an economic slowdown in the near term.

"To some extent it feels like we've been drinking from a firehose," Caronna said.

Matthew A. Laraway, a partner at Chesapeake Real Estate Group, was also bullish on the industrial sector's performance. His confidence comes in part because he doesn't believe supply in the pipeline is set to outpace demand. For the first time in recent memory, he said, he couldn't point to a particular submarket that was dragging.

"I feel like we got shot out of a cannon," Laraway said.



Baltimore Mayor Stephanie Rawlings-Blake signs into law a measure that allows owners of commercial property to finance improvements through private lenders.
(Photo by Adam Bednar)



A worker at Amazon's fulfillment center.
(File)